



**AIM Release**

**12 June 2009**

**Minerva Resources plc (AIM:MVA)**

**(‘Minerva Resources’ or ‘the Company’)**

**Final Results 2008**

Minerva Resources is pleased to announce its audited financial results for the year ended 30 September 2008. The annual report and accounts will be published, posted to shareholders today and available on the Company’s website [www.minervaresources.com](http://www.minervaresources.com)

**Highlights**

- Net loss of £1,251,013 (£0.0103 per share), reflecting ongoing exploration and overhead budgeted expenditures and revenues from the sale of Palladex KR.
- £181,254 held in cash and cash equivalent as at 30 September 2008
- Resource delineation drilling programmes at the Tulu Kapi Gold Project.
- The discovery of what is considered to be a gold province in the area near the Tulu Kapi Gold Project, with three gold prospects, Guji, Gudeya-Guji and Dina established to date.
- Initial petrographic studies undertaken, which indicate significant percentages of gravity gold and high recoveries from conventional processing techniques.
- Agreement reached to increase the Company’s holding in Yubdo Platinum and Gold Development PLC, Ethiopia from 51% to 72% through the completion of a Feasibility Study.
- Sale of Palladex KR LLC, which held two gold exploration licences in the Kyrgyz Republic, for US\$2,000,000.
- Provision of contract drilling services on three exploration properties in the Kyrgyz Republic.
- Commissioning of pilot gravity recovery plant at Yubdo, Ethiopia.
- Increase in authorised share capital.
- Appointment of General Manager – Exploration.

Activities subsequent to the end of the Financial Year were:

- Issue of shares raising of £607,500 (before expenses) and conversion of Ambrian Capital loan to equity
- Issue of 39,749,200 shares to meet subscriptions and cost of transactions
- Issue of 2,802,298 shares as per the terms of the agreement to move from 51% to 72% in Yubdo Platinum and Gold Development PLC
- Completion of a Sale and Purchase Agreement for the sale of Palladex Limited (Western Samoa) and its subsidiary company
- Resolution to enter into a Company Voluntary Arrangement and subsequent suspension of trading
- Agreement with Dwyka Resources Ltd for a period of exclusive due diligence, providing loans enabling the company to lift the CVA and continue trading.
- Reorganisation of the share capital, with the nominal value of a share adjusted to 0.25p.
- Resolution to withdraw from entry into a Company Voluntary Arrangement.

### **Corporate**

The Company completed an agreement, in March 2008, to acquire a further 22% interest in Yubdo Platinum and Gold Development PLC from Ato Benti Tasissa Negewo, who holds 47% of the company, for a maximum consideration of US\$5 million, depending upon the results of stages in the project, upon the completion of a feasibility study into the viability of a mining and processing operation to produce a minimum of 50,000 ounces of platinum per annum.

In April 2008, Palladex KR LLC, a wholly owned exploration company based in the Kyrgyz Republic, was sold to Linxi Ltd Investment Company, Urumqi, China for US\$2,000,000.

A new office was opened in Addis Ababa for the Company by Mr. Alemayehu Tegenu, the Ethiopian Minister of Mines and Energy in April 2008. Establishing this office is a further demonstration of our commitment to the country. Our Country Manager, Dr. Kebede Hailu Belete, and his team now manage all the Company's activities in Ethiopia from this office.

Mr. Merlin Marr-Johnson resigned on the 1<sup>st</sup> January 2008 from the Board and the Company, due to a change in personal circumstances, and Mr. Robert Edwards resigned as a Non-Executive Director of the Company on the 21<sup>st</sup> April 2008, due to a change in personal circumstances. Gary Vermaak resigned from the position of Chief Financial Officer in December 2008 to return to South Africa.

Mr. Tim Craske joined the Company as General Manager-Exploration and Mr. Mark James joined as Financial Controller in September 2008.

Authorised share capital in the Company increased from £5,000,000 to £10,000,000 due to the creation of an additional 200,000,000 Ordinary Shares. The Directors were authorised to allot unissued Ordinary Share capital up to an aggregate nominal value of £4,100,000, in anticipation of seeking funding to continue the development of its assets and to provide additional working capital, at a General Meeting held on the 28<sup>th</sup> August, 2008.

Subsequent to the end of the financial year, on the 2<sup>nd</sup> October 2008, the Company issued shares raising £607,500 (before expenses) through the issue of 24,300,000 Placing Units. Each Placing Unit consists of one new Ordinary Share with one warrant to subscribe for an Ordinary share at 4p per share. The Company issued a further 13,379,200 Placing Units to capitalise the entire

balance of a loan, £334,480, made by Ambrian Capital plc to the Company. In addition, 13,860,000 Placing Units were issued in part settlement of the transaction costs.

On the 23 October 2008, the Company issued 2,802,298 new Ordinary Shares to Ato Benti Tasissa Negewo at an issue price of 4.25 pence per share, in accordance with the conditions of the agreement entered into in March 2008 to acquire a further 22% of Yubdo Platinum and Gold Development PLC

A Sale and Purchase Agreement for the disposal of the wholly owned subsidiary Palladex Limited (Western Samoa) and its subsidiaries Palladex Geotechservice LLC, Kyrgyzstan, and the representative office of Palladex Limited (Western Samoa) in Azerbaijan to their management for the consideration of US\$79,208 and the repayment of loans to the value of US\$420,792, was entered into in January 2009 and completed in April 2009. The Company agreed to write off the outstanding loan amount of US\$853,494 in conjunction with the above transactions.

In January 2009, given the very difficult climate for small exploration companies to raise money on the equity market, the Directors resolved to enter into a Company Voluntary Arrangement (CVA), which was approved at a General Meeting held on Wednesday 25 February 2009, to enable a longer timeframe to seek the necessary additional funding required to continue operating the Company as a going concern. The request for a temporary suspension of its shares from trading pending clarification of the Company's ongoing financial position came into effect at 1.00pm on the 30<sup>th</sup> January 2009.

At the time of writing, you will have seen that we have announced that we now have agreed with Dwyka Resources Ltd ("Dwyka") to give them a period of exclusive due diligence with a view to making a possible offer for all or part of the Company's business or indeed the Company itself. While Dwyka has provided us with loans that has enabled us to lift the CVA and continue trading, the Company's shares remain suspended until the ongoing discussions reach a conclusion.

All exploration activities have been minimised, to conserve funds, while the data from the inferred resource drilling programme at Tulu Kapi is compiled, assessed and a resource calculation undertaken.

The sale of Palladex Limited (Samoa), the entry into the CVA, the adoption of new Articles of Association of the Company in accordance with the Companies Act 2006 and the subdivision of share capital to bring the nominal value of the Ordinary Share to 0.25 pence were approved at a General Meeting held on Wednesday 25<sup>th</sup> February, 2009.

The Company announced on the 30<sup>th</sup> March 2009 that the audited report and accounts for the year ended 30 September 2008 would not be published by the end of March 2009, due to a number of delays arising from the preparation requirements for the initiation of the CVA and the clarification of the Creditors' positions in the CVA.

### **Chairman's Statement**

Little did we all know when I wrote this comment on your Company's position last year, that we would see such a major upheaval in the world's business and financial sectors.

What began with an increasing number of defaults in highly geared mortgages in the housing sector in the United States, rapidly escalated into the biggest upheaval in global markets since the 1930's and possibly ever.

For the first part of the 2007/2008 year, work in Ethiopia in particular, progressed very well and we made exciting advances on our gold tenements in and around the Tulu Kapi prospect.

However, as we all know, as we moved into 2008 the global financial situation began to deteriorate and I do not need to tell you what happened to the world's stock markets during the second half of the year. Although we managed to complete a small capital raising immediately after the end of the financial year, it is fair to say that, by the end of 2008, investment funds that would usually be directed towards exploration and development companies like Minerva Resources, had all but completely dried up.

The deterioration in the global business sector, particularly during the December quarter of 2008, forced us to cut back on our work programmes in Ethiopia. This despite the fact that our main asset is the very exciting gold prospect at Tulu Kapi and that at the same time the world gold price was testing new highs in a number of currencies.

Fortunately, the decision that the Board made last year to dispose of its geotechnical and drilling business in Kyrgyzstan eventually provided us with sufficient funds to keep our business alive, although in early 2009 the Board had to decide to enter the company into a Company Voluntary Arrangement ("CVA"). This move, which was accompanied by a necessary suspension of our stock on AIM, gave us some time to pursue alternatives for the business.

At the time of writing, you will have seen that we have announced that we now have agreed with Dwyka Resources Ltd ("Dwyka") to give them a period of exclusive due diligence with a view to making a possible offer for all or part of the Company's business or indeed the Company itself. While Dwyka has provided us with loans that has enabled us to lift the CVA and continue trading, the Company's shares remain suspended until the ongoing discussions reach a conclusion.

As you will have seen from the announcements over the year, the Tulu Kapi gold prospect in particular and the surrounding region more generally, has we believe, the potential to develop ultimately into a major mining development. Therefore, it is somewhat disappointing position for the Management and the Board to have arrived at the position we are in. After all of the hard work of the last couple of years, I know we would have liked to have been able to pursue the development of the company's gold and platinum assets in Ethiopia more directly.

So, although at this point in time, I am unable to say specifically what the future for the company will be, I can assure you that, in these most difficult market conditions, the current Board and Management continue to work to preserve and maximise the value of the Company and its assets,.

With that in mind I would like to thank my fellow Directors and Senior Management of the Company for their support and efforts over the year and particularly during the period since the end of the financial year.

Andrew E Daley

*Non-executive Chairman*

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MINERVA RESOURCES PLC

Consolidated income statement for the year ended 30 September 2008

		Year ended 30 September 2008	Restated Year ended 30 September 2007
	Note	£	£
<b>Revenue</b>		<b>96,220</b>	56,633
Cost of sales		<b>(43,746)</b>	(41,702)
<b>Gross Profit</b>		<b>52,474</b>	14,931
Other income	4	-	963,060
Administrative expenses		<b>(1,224,857)</b>	(1,443,554)
<b>Loss from operations</b>	4	<b>(1,172,383)</b>	(465,563)
<b>Financial expense</b>	6	<b>(30,856)</b>	(9,437)
<b>Financial income</b>	6	<b>24,120</b>	62,657
<b>Loss before taxation</b>		<b>(1,179,119)</b>	(412,343)
<b>Taxation</b>	7	-	(12,165)
<b>Loss for the year from continuing operations</b>		<b>(1,179,119)</b>	(424,508)
<b>(Loss) / profit for the year from discontinued operations</b>	3	<b>(71,894)</b>	164,202
<b>Loss for the year</b>		<b>(1,251,013)</b>	(260,306)
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>		<b>(1,155,148)</b>	(240,165)
<b>Minority interest</b>		<b>(95,865)</b>	(20,141)
<b>Loss per Ordinary Share (£) attributable to equity holders of the parent:</b>			
Basic and diluted	8	<b>(0.0103)</b>	(0.0032)
<b>Continuing operations</b>			
Basic and diluted	8	<b>0.0097</b>	0.0054

MINERVA RESOURCES PLC

Consolidated statement of changes in equity for the year ended 30<sup>th</sup> September 2008

	Share Capital	Share Premium	Shares to be Issued Reserve	Merger Reserve	Revaluation Reserve	Restated Foreign Currency Translation Reserve	Restated Retained Losses	Restated Total attributable to Equity Holders of the Parent	Restated Minority Interest	Restated Total Equity
	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 October 2006</b>	<b>1,543,574</b>	<b>4,290,765</b>	-	-	<b>720,000</b>	-	<b>(2,659,249)</b>	<b>3,895,090</b>	-	<b>3,895,090</b>
Transfer to Income on sale of available for sale investment	-	-	-	-	(720,000)	-	-	(720,000)	-	(720,000)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	39,594	-	39,594	-	39,594
Net income recognised directly in equity	-	-	-	-	(720,000)	39,594	-	(680,406)	-	(680,406)
Loss for the year	-	-	-	-	-	-	(240,165)	(240,165)	(20,141)	(260,306)
Total recognised income and expense for the year	-	-	-	-	(720,000)	39,594	(240,165)	(920,571)	(20,141)	(940,712)
Issue of shares	1,250,000	-	-	-	-	-	-	1,250,000	-	1,250,000
Share based payment	-	-	-	-	-	-	21,882	21,882	-	21,882
Reserve created on acquisition of subsidiaries	-	-	-	1,000,000	-	-	-	1,000,000	-	1,000,000
Issue costs	-	-	-	(50,287)	-	-	-	(50,287)	-	(50,287)
Minority interest due to acquisition of subsidiaries	-	-	-	-	-	-	-	-	154,185	154,185
<b>Balance as at 30 September 2007 as restated</b>	<b>2,793,574</b>	<b>4,290,765</b>	-	<b>949,713</b>	-	<b>39,594</b>	<b>(2,877,532)</b>	<b>5,196,114</b>	<b>134,044</b>	<b>5,330,158</b>
Exchange differences arising on translation of foreign operations	-	-	-	-	-	30,731	-	30,731	-	30,731
Net income recognised directly in equity	-	-	-	-	-	30,731	-	30,731	-	30,731
Loss for the year	-	-	-	-	-	-	(1,155,148)	(1,155,148)	(95,865)	(1,251,013)
Total recognised income and expense for the year	-	-	-	-	-	30,731	(1,155,148)	(1,124,417)	(95,865)	(1,220,282)
Shares to be issued	-	-	1,112,827	-	-	-	-	1,112,827	-	1,112,827
Issue costs	-	(109,300)	-	-	-	-	-	(109,300)	-	(109,300)
Consideration for option to acquire 22% of Yubdo (note 25)	-	-	-	-	-	-	(276,396)	(276,396)	-	(276,396)
Share based payment	-	-	-	-	-	-	25,848	25,848	-	25,848
<b>Balance as at 30 September 2008</b>	<b>2,793,574</b>	<b>4,181,465</b>	<b>1,112,827</b>	<b>949,713</b>	-	<b>70,325</b>	<b>(4,283,228)</b>	<b>4,824,676</b>	<b>38,179</b>	<b>4,862,855</b>

**MINERVA RESOURCES PLC**  
**Consolidated balance sheet at 30<sup>th</sup> September 2008**

		2008	2007
	Note	£	Restated £
<b>Assets:</b>			
<b>Non-current assets</b>			
Intangible assets	9	3,611,082	3,381,495
Property, plant and equipment	10	211,446	380,049
<b>Total non-current assets</b>		<b>3,822,528</b>	<b>3,761,544</b>
<b>Current assets</b>			
Inventories	12	53,378	47,418
Trade and other receivables	13	808,715	376,365
Cash and cash equivalents		181,254	1,361,897
Non-current assets classified as held for sale	3	1,016,485	412,484
<b>Total current assets</b>		<b>2,059,832</b>	<b>2,198,164</b>
<b>Total assets</b>		<b>5,882,360</b>	<b>5,959,708</b>
<b>Liabilities:</b>			
<b>Non-current liabilities</b>			
Borrowings	15	-	(5,849)
Deferred tax liability	14	-	(3,075)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(8,924)</b>
<b>Current liabilities</b>			
Trade payables	15	(183,833)	(88,070)
Accruals and deferred income	15	(99,700)	(186,375)
Borrowings	15	-	(334,480)
Liabilities directly associated with non-current assets classified as held for sale	3	(735,972)	(11,701)
<b>Total current liabilities</b>		<b>(1,019,505)</b>	<b>(620,626)</b>
<b>Total liabilities</b>		<b>(1,019,505)</b>	<b>(629,550)</b>
<b>Total net assets</b>		<b>4,862,855</b>	<b>5,330,158</b>

**MINERVA RESOURCES PLC****Consolidated balance sheet at 30<sup>th</sup> September 2008 (Continued)**

		2008	2007
	Note	£	Restated £
<b>Equity attributable to equity holders of the company</b>			
Called up share capital	16,17	2,793,574	2,793,574
Share premium account	17	4,181,465	4,290,765
Shares to be issued	17	1,112,827	-
Merger reserve	17	949,713	949,713
Foreign currency translation reserve	17	70,325	39,594
Retained losses	17	(4,283,228)	(2,877,532)
Equity attributable to equity holders of the company		<b>4,824,676</b>	5,196,114
Minority interest		38,179	134,044
<b>Total equity</b>		<b>4,862,855</b>	5,330,158

**MINERVA RESOURCES PLC**

**Consolidated cash flow statement for the year ended 30th September 2008**

	Note	2008 £	Restated 2007 £
<b>Cash flows from operating activities</b>			
<b>Loss for the year</b>		<b>(1,251,013)</b>	<b>(260,306)</b>
Adjustments for:			
Depreciation	10	117,952	75,757
Impairment loss on measurement to fair value	3	476,101	-
Share based payments		25,848	21,882
Profit on sale of investment	4	-	(955,200)
Profit on sale of Palladex KR LLC	3	(586,329)	-
Income tax (credit) / expense		(14,180)	15,240
Provision against deferred exploration expenditure in Ethiopia	9	47,133	79,610
Finance income	6	(24,120)	(62,657)
Finance expense	6	30,856	9,437
Exchange (gains)/loss		(126,814)	(3,935)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>(1,304,566)</b>	<b>(1,080,172)</b>
Increase in inventory		(5,960)	(41,860)
Decrease in trade and other receivables		175,150	16,316
Increase / (decrease) in trade and other payables		9,088	(518,344)
<b>Cash flows from operating activities</b>		<b>(1,126,288)</b>	<b>(1,624,060)</b>
Income taxes paid	7	-	(12,165)
<b>Net cash flows from operating activities</b>		<b>(1,126,288)</b>	<b>(1,636,225)</b>
<b>Investing activities</b>			
Finance income	6	24,120	62,657
Proceeds from disposal of tangible assets		4,585	159,017
Purchase of property, plant and equipment		(91,404)	(292,066)
Sale of Saddleback Shares	4	-	955,200
Sale of Palladex KR LLC	3	998,813	-
Cash held in disposal group		(89,652)	-
Acquisition of ERL cash acquired	22	-	13,499
Payments for intangible assets		(869,961)	(90,882)
<b>Cash flows from investing activities</b>		<b>(23,499)</b>	<b>807,425</b>
<b>Financing activities</b>			
Interest expense	6	(30,856)	(9,437)
Draw down of loan		-	430,000
Loan repayments		-	(95,520)
Issue of ordinary share capital (net of issue costs)		-	(50,287)
<b>Cash flows from financing activities</b>		<b>(30,856)</b>	<b>274,756</b>
(Decrease) / Increase in cash		(1,180,643)	(554,044)
Cash and cash equivalents at beginning of the year	20	1,361,897	1,891,610
<b>Foreign exchange movements</b>		<b>-</b>	<b>24,331</b>
<b>Cash and cash equivalents at end of the year</b>	<b>20</b>	<b>181,254</b>	<b>1,361,897</b>

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### 1 Accounting policies

##### *Basis of preparation*

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS's. The financial statements have been prepared using sterling as this is the functional currency of the Group.

The Directors have restated comparatives on the consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement as a result of finalising the provisional fair values of the assets and liabilities acquired on the acquisition of GPMC. Refer to note 22 for further details. The Directors have also restated comparatives on the consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement to correct presentation as at 30 September 2007. The effect of the restatement on the consolidated balance sheet is as follows:

- retained losses are £20,141 lower;
- foreign currency translation reserve is £16,123 higher;
- intangible assets are £359,771 higher; and
- non-current assets classified as held for sale are £359,771 lower.

There has been no change in the loss from operations, net loss before and after tax in the respective periods as a result of the restatement.

##### *Going concern*

As announced on 30 January 2009, the Group needs to raise further funds to continue to operate. Given the current very difficult climate for small exploration companies to raise money on the equity market, the Directors resolved to enter into a Company Voluntary Arrangement ('CVA') to enable a longer timeframe to seek the necessary additional funding required to continue operating the Group as a going concern. Subsequently, the Group announced on 5 May 2009 that an agreement was reached with a third party to give them a period of exclusive due diligence with a view to making a possible offer for all or part of the Group's business or indeed the Group itself. Whilst this party has provided the Group with loans that has enabled the Group to lift the CVA and continue trading, the Company's shares remain suspended until the ongoing discussions reach a conclusion. The Directors and management are continuing to look at all avenues for future funding arrangements or other strategic options. These financial statements have been prepared on a going concern basis as the Directors are confident that the Group will be able to raise the required funds, but clearly there can be no certainty of this given current market conditions. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *New standards and interpretations.*

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 30 September 2007. The following standards, interpretations and amendments to existing standards have been adopted for the first time in 2008:

#### *International Accounting Standards (IAS/IFRS)*

- IFRS7 – Financial Instruments: disclosures and a complementary amendment to IAS1 – Presentation of Financial Statement – Capital disclosures.
- IAS39 & IFRS7- Amendment - Reclassification of Financial Instruments

#### *International Financial Reporting Interpretations (IFRIC)*

- IFRIC 11- (IFRS 2) Group and treasury share transactions
- IFRIC 13- Customer loyalty programmes
- IFRIC 14- IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Where those risks are deemed to be material to the group it requires disclosures based on the information used by key management. It replaces the disclosure requirements in IAS 32 'Financial Instruments: disclosure and presentation'. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital.

The Group has applied IFRS 7 and the amendment to IAS 1 to the accounts for the period beginning on 1 October 2007.

The adoption of these standards, interpretations and amendments did not affect the Group results of operations or financial positions.

The IASB and IFRIC have issued the following standards and interpretations which are effective for reporting periods beginning after the date of these financial statements:

#### *International Accounting Standards (IAS/IFRS)*

- IAS 1 - Amendment - Presentation of financial statements: a revised presentation
- IFRS 8 - Operating segments
- IAS 23 - Amendment – Borrowing costs
- IFRS 2 - Amendment - Share based payment: vesting conditions and cancellations
- IAS 27\* - Amendment - Consolidated and separate financial statements
- IFRS 3\* - Revised - Business combinations
- IFRS 1\* - Revised - First time adoption of IFRS

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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- IAS32 & IAS1\* - Amendment - Puttable financial instrument and obligations arising on liquidation
- Improvements to IFRSs\*
- IFRS1 & IAS27\* - Amendment - Cost of an investment in a subsidiary, jointly-controlled entity or associate
- IAS39\* - Amendment - Financial Instruments: recognition and measurement: eligible hedged Items
- IAS39\* - Amendment - Reclassification of financial assets: effective date and transition
- IFRS7\* - Amendment - improving disclosures about financial instruments

#### *International Financial Reporting Interpretations (IFRIC)*

- IFRIC 12 Service concession arrangements
- IFRIC 15\* Agreements for the construction of real estate
- IFRIC 16\* Hedges of a net investment in a foreign operation
- IFRIC 17\* Distributions of non-cash assets to owners
- IFRIC 18\* Transfers of assets from customers

\* These have not been endorsed by the EU.

The group is evaluating the impact of the above pronouncements but they are not expected to be material to the Group's earnings or to shareholders' funds.

#### *Basis of Consolidation*

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

#### *Business combinations*

The consolidated financial statements incorporate the results of the business combinations using the acquisition method of accounting. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

#### *Associates*

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

#### *Joint ventures*

Jointly controlled entities are included in the financial statements using proportionate consolidation. The share of each of the jointly controlled entity's assets, liabilities, income and expenses are combined on a line-by-line basis with those of the Group.

Profits and losses arising on transactions between the Group and jointly controlled entities are recognised only to the extent of unrelated investors' interests in the entity. The investor's share in the jointly controlled entity's profits and losses resulting from these transactions is eliminated against the asset or liability of the JCE arising on the transaction.

#### *Foreign currency*

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognized immediately in the income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those when the transactions took place. All assets and liabilities of overseas operations, including any goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date.

Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognized directly in equity (the "foreign currency translation reserve"). Exchange differences recognized in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

The Group uses Sterling as its presentation currency as this is considered to be the functional currency of the parent Company.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Shares to be issued*

Where the Group has a legal obligation to issue a fixed number of shares at year end but has not yet issued the shares, the amount of the share capital and premium attributable to the shares to be issued is recognised as a separate component of equity in a shares to be issued reserve.

#### *Non-current assets held for sale and disposal groups*

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the consolidated income statement up to the date of disposal. A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or its subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the income statement (including the comparative period) as a single line which comprises the post tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

#### *Revenue*

Revenue is derived from drilling services to third party customers and sales of platinum concentrate. Sales of platinum concentrate are recognised at the time of delivery of the product to the purchaser. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty.

#### *Share-based payments*

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement on a straight-line basis over the vesting period.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

The expense recognised for share option awards that lapse or are cancelled before vesting except where they carry market vesting conditions is accelerated into the period in which the lapse or cancellation occurs.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

#### *Tax*

Income tax on the profit or loss from ordinary activities includes current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on the initial recognition of goodwill, for which amortisation is not tax deductible, the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group Company or different Group entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Intangible assets – Deferred exploration expenditure*

The Group applies the full cost method of accounting, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, all costs associated with exploration for and evaluation of mining are capitalised in geographical pools pending determination of the feasibility of each project. Such cost pools are based on geographic areas and are not larger than a segment.

Costs which are capitalised include costs of licence acquisition, technical services and studies, exploration drilling and testing and appropriate technical and administrative expenses but do not include general overheads or costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement as they occur.

When the technical and commercial feasibility of a mining project has been determined, the related expenditures will be transferred to property, plant and equipment as proved properties. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off to the income statement and is shown within administrative expenses.

Deferred exploration costs are assessed at each period end and where there are indications of impairment. Any amount by which carrying costs exceed recoverable amounts will be written off. The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

The deferred exploration assets are considered to have a finite life based on relevant reserves. The assets will be depreciated on a unit of production basis following the transfer and the respective depreciation will be included with in operating costs within the income statement.

#### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date. Goodwill is tested for impairment at year end or when any such indication exists.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Property, plant and equipment*

Depletion, depreciation and amortisation of proved mining properties is provided over the estimated commercial life of each property and computed using the units of production method based on proved reserves as determined annually by management. Depletion, depreciation and amortisation are included within operating expenses within the income statement.

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions. Depreciation is provided on all items of property and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold property	50 years
Motor vehicles	4 years
Furniture, fixtures and fittings	4 years
Plant and equipment	4 years

Freehold land is not depreciated.

#### *Impairment of property, plant and equipment*

Property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows).

Any impairment charge is included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in the statement of recognised income and expense.

#### *Inventories*

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

#### *Provision for abandonment costs*

Provision for abandonment costs are recognised at the commencement of production. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of production. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed assets.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Financial Assets*

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

**Loans and receivables:** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They incorporate various types of contractual monetary assets, such as advances made to affiliated entities and the provision of goods and services to customers which give rise to trade receivables. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest method. Trade receivables are not discounted where payment is not deferred significantly.

#### *Cash and cash equivalents*

Cash comprises bank and cash deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest income. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Available for sale:** Non-derivative financial assets not included in the above category are classified as available-for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in a separate component of equity (revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the income statement.

An option that gives the counterparty a right to buy a fixed number of the Group's shares for a fixed price is treated as an equity instrument. This includes options acquired by the Group to acquire its own shares. Any purchased option to acquire the Group's own shares is accounted for as a deduction directly from equity

#### *Financial liabilities*

##### **Financial liabilities held at amortised cost:**

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to issue. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Trade payables are not discounted where payment is not deferred significantly.

#### *Leased Assets*

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. The annual rentals are charged to the income statement on a straight line basis over the term of the lease.

#### *Critical accounting estimates and judgements*

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Fair value of exploration and appraisal assets*

The fair value of exploration and appraisal assets was based on Competent Person's Reports, further discounted to reflect future risks such as higher interest rates, smaller than expected reserves and variation to other critical assumptions. While conducting an impairment review of its assets, the Group makes certain judgements in making assumptions about the future prices, reserve levels, and future development and production costs. Changes in the estimates used can result in significant charges to the income statement.

#### *Recoverability of exploration and evaluation costs*

Under the full cost method of accounting for exploration and appraisal costs, such costs are capitalised as intangible assets by reference to appropriate cost pools, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgement as to (i) the likely future commerciality of the asset and when such commerciality should be determined, and (ii) future revenues and costs pertaining to any wider cost pool with which the asset in question is associated, and the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value.

#### *Legal proceedings and commercial disputes*

In accordance with IFRS, the Group only recognises a provision where there is a present obligation from a past event, a transfer of economic benefit is probable and the amount of cost of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Realisation of any contingent liabilities not currently recognised or disclosed in the financial statements could have a material effect on the Group's financial position. Application of this accounting principle requires the management to make determinations about various factual and legal matters beyond their control. Among the factors considered in making decisions on provisions are the nature of the disputes and litigations, the progress of the cases, the opinions of legal advisers, experience of similar cases and any decision of the Group's management as to how it will respond to any such claim or litigation.

## **MINERVA RESOURCES PLC**

### **Notes forming part of the financial statements for the year ended 30th September 2008**

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#### *Inherent uncertainties in tax legislation*

The tax system and tax legislation in Ethiopia have been in force for only a relatively short time and are subject to changes and varying interpretations. Any changes or developments to the tax system and tax legislation could have a material adverse effect on the Group's financial position and results of operations. Such uncertainties may in particular relate to the determination of taxable bases on the Group's assets and liabilities.

Currently the Group believes that no deferred tax arises on its assets or liabilities. However, due to the reasons set out above, the risk remains that the relevant Government authorities may make changes to the interpretation of contractual provisions or tax legislation. The resulting effect of this matter is that significant tax adjustments or liabilities may arise. However, due to the uncertainties described above in assessing any adjustments or potential additional tax liabilities, it is not practicable for the Directors to estimate the financial effect, if any, for the Group.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 2 Segmental analysis

The Group operated in three business segments, the exploration and development of gold and platinum projects in Africa (Ethiopia and Sierra Leone), the provision of geotechnical drilling services to other exploration companies in the Kyrgyz Republic, which ceased on the sale of the company in early 2009, and the import, processing and sale of precious and base metals in the UK. Ethiopia is the Group's major focus area. The Group holds licences in Sierra Leone, which are being managed by the joint venture partners and of which the only costs incurred to date are in respect of licence fees, which are recognised in deferred exploration expenditure in the balance sheet. The Group's primary format for reporting segmental information is geographic segments.

2008		Ethiopia	Kyrgyz Rep.	UK	Corporate	Total
		£	£	£	£	£
Revenue	Total segment revenue	52,778	350,101	52,778	43,442	
	Inter segment revenue	(52,778)	-	-	-	
Revenue	Continuing activities	-	-	52,778	43,442	96,220
	Discontinued activities	-	350,101	-	-	350,101
Profit / (loss) after taxation	Continuing activities	(242,775)	-	10,406	(946,750)	(1,179,119)
	Discontinued activities	-	(71,894)	-	-	(71,894)
Total assets		4,005,757	1,016,485	136,220	723,898	5,882,360
Total liabilities		(80,659)	(735,972)	-	(202,874)	(1,019,505)

Other segment items included in the group statements are as follows:

Capital Expenditure	959,611	-	-	1,754	961,365
Depreciation	(81,663)	-	-	(36,289)	(117,952)
Impairment of assets	(47,133)	(476,101)	-	-	(523,234)
Share based payments	-	-	-	(25,848)	(25,848)

2007 - Restated		Ethiopia	Kyrgyz Rep.	UK	Corporate	Restated Total
		£	£	£	£	£
Revenue	Total segment revenue	56,633	600,058	56,633	-	
	Inter segment revenue	(56,633)	-	-	-	
Revenue	Continuing activities	-	-	56,633	-	56,633
	Discontinued activities	-	600,058	-	-	600,058
Profit / (Loss) after taxation	Continuing activities	(226,696)	-	(35,157)	(162,655)	(424,508)
	Discontinued activities	-	164,202	-	-	164,202
Total assets		3,061,189	1,152,215	5,066	1,741,238	5,959,708
Total liabilities		(43,853)	(36,389)	(43,233)	(506,075)	(629,550)

Other segment items included in the group statements are as follows:

Capital Expenditure	831,086	-	-	1,545	832,631
Depreciation	(37,077)	(12,485)	-	(26,195)	(75,757)
Impairment of assets	79,610	-	-	-	79,610
Share based payments	-	-	-	(21,882)	(21,882)

Segment assets comprise intangible assets, property, plant and equipment, inventories, cash and cash equivalents, assets held for sale, trade and other receivables as well as prepayments and receivable from shares to be issued.

Segment liabilities comprise trade and other payables, loans, liabilities directly associated with assets held for sale as well as accruals and deferred income.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

The Group's secondary reporting format for reporting segment information is business segments.

<b>2008</b>		<b>Exploration</b>	<b>Drilling</b>	<b>Import and sale</b>	<b>Corporate</b>	<b>Total</b>
		£	£	£	£	£
Revenue	Total segment revenue	52,778	350,101	52,778	43,442	
	Inter segment revenue	(52,778)	-	-	-	
Revenue	Continuing activities	-	-	52,778	43,442	96,220
	Discontinued activities	-	350,101	-	-	350,101
Profit / (loss) after taxation	Continuing activities	(242,775)	-	10,406	(946,750)	(1,179,119)
	Discontinued activities	-	(71,894)	-	-	(71,894)
Total assets		4,005,757	1,016,485	136,220	723,898	5,882,360
Total liabilities		(80,659)	(735,972)	-	(202,874)	(1,019,505)
Other segment items included in the group statements are as follows:						
Capital Expenditure		959,611	-	-	1,754	961,365
Depreciation		(81,663)	-	-	(36,289)	(117,952)
Impairment of assets		(47,133)	(476,101)	-	-	(523,234)
Share based payments		-	-	-	(25,848)	(25,848)
Restated						
<b>2007 - Restated</b>		<b>Exploration</b>	<b>Drilling</b>	<b>Import and sale</b>	<b>Corporate</b>	<b>Total</b>
		£	£	£	£	£
Revenue	Total segment revenue	56,633	600,058	56,633	-	
	Inter segment revenue	(56,633)	-	-	-	
Revenue	Continuing activities	-	-	56,633	-	56,633
	Discontinued activities	-	600,058	-	-	600,058
Profit / (Loss) after taxation	Continuing activities	(226,696)	-	(35,157)	(162,655)	(424,508)
	Discontinued activities	-	164,202	-	-	164,202
Total assets		3,061,189	1,152,215	5,066	1,741,238	5,959,708
Total liabilities		(43,853)	(36,389)	(43,233)	(506,075)	(629,550)
Other segment items included in the group statements are as follows:						
Capital Expenditure		831,086	-	-	1,545	832,631
Depreciation		(37,077)	(12,485)	-	(26,195)	(75,757)
Impairment of assets		79,610	-	-	-	79,610
Share based payments		-	-	-	(21,882)	(21,882)

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 3 Discontinued activities

During the year the Group sold Palladex KR LLC, which held its exploration activities in the Kyrgyz Republic, following the discontinuation of exploration activities in 2007. The Group also entered into a Sale and Purchase Agreement in January 2009 for the disposal of the wholly owned subsidiary Palladex Limited (Samoa), refer to note 24. Accordingly the income, expenses, assets and liabilities relating to these assets have been reclassified and shown as discontinued. The following table details the impact on the income statement and balance sheet of the reclassification.

	2008	Restated 2007
	£	£
Income statement		
Revenue	<b>350,101</b>	600,058
Cost of Sales	<b>(410,413)</b>	(348,009)
Administrative expenses	<b>(135,990)</b>	(84,772)
Loss on measurement to fair value of discontinued activities	<b>(476,101)</b>	-
Gain on Sale of Palladex KR LLC	<b>586,329</b>	-
(Loss) / profit before taxation	<b>(86,074)</b>	167,277
Taxation	<b>14,180</b>	(3,075)
(Loss) / profit before and after taxation	<b>(71,894)</b>	164,202
Basic earnings/(loss) per share (pence)	<b>(0.0006)</b>	0.0022
Diluted earnings/(loss) per share (pence)	<b>(0.0006)</b>	0.0020
	2008	Restated 2007
	£	£
Balance sheet		
Deferred exploration expenditure	<b>97,140</b>	390,229
Property, plant and equipment	<b>137,470</b>	-
Inventories	<b>167,231</b>	-
Trade and other receivables	<b>524,992</b>	22,255
Cash and cash equivalents	<b>89,652</b>	-
Total assets	<b>1,016,485</b>	412,484
Trade and other payables	<b>(735,972)</b>	(11,701)
Total liabilities	<b>(735,972)</b>	(11,701)

The gain on sale of Palladex KR LLC was determined as follows:

	£
Consideration received	998,813
Net assets disposed	
Deferred exploration expenditure	390,229
Trade and other receivables	<u>22,255</u>
Net assets disposed	412,484
Gain on disposal	<u><u>586,329</u></u>

	2008	2007
	£	£
Cash flows from discontinued activities		
Cash flow from operating activities	<b>328,801</b>	85,957
Cash flow from investing activities	<b>909,161</b>	(114,195)
Cash flow from financing activities	-	-

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 4 Loss from operations

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
Loss from operations has been arrived at after charging:		
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	7,800	51,750
Fees payable to the Company's Auditor for the audit of the Groups's annual accounts	31,200	-
Fees payable to the Company's Auditor for services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its Associates	-	67,600
Fees payable to the Company's Auditor for tax compliance services	5,500	5,300
Fees payable to the Company's Auditor for valuation services	10,000	-
Directors' remuneration	91,580	267,339
Employee salaries and other benefits	245,501	99,042
Share based payments	25,848	21,882
Costs relating to corporate finance transactions entered into by the Company including AIM readmission costs	-	266,596
Impairment loss on measurement to fair value of discontinued activities	476,101	-
Provision against deferred exploration expenditure in Ethiopia	47,133	79,610
Depreciation and amortisation	117,952	75,757
Operating lease rentals – land and building	74,609	15,055
Other income:		
Sale of Saddleback Corporation Limited shares	-	955,200
Miscellaneous Income	-	7,860

#### 5 Salaries

	Year ended 30 September 2008 Total £	Year ended 30 September 2007 Total £
Gross salaries and fees (including directors)	326,788	349,589
Employee Benefits and social security costs	10,563	16,792
Share based payments	25,848	21,882
	<u>363,199</u>	<u>388,263</u>
Average number of employees (including directors) during the year	102	50

Included within share based payments is £27,068 (2007: £19,862) relating to directors, £6,187 (2007: £2,020) relating to employees, and £7,407 (2007: £nil) previously charged to the income statement and reversed within the current year upon employee resignation.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### Directors' emoluments

	Salary	Fees	Share Based Option Expense	Year Ended September 2008	Year Ended September 2007
	£	£	£	£	£
A Daley	-	26,562	7,734	34,296	9,119
S Village (resigned 20/12/06)	-	-	-	-	3,167
T Ward	9,919	-	11,600	21,519	24,612
M Marr-Johnson (resigned 1/1/08)	20,000	-	-	20,000	112,191
R Jaboev (resigned 1/6/07)	-	-	-	-	100,089
J M Bottomley	-	10,000	3,867	13,867	13,985
J O'Leary (resigned 10/7/07)	-	-	-	-	14,294
R W J Edwards (resigned 21/4/08)	-	9,634	-	9,634	18,450
R Clegg	-	15,735	3,867	19,602	5,641
	<u>29,919</u>	<u>61,931</u>	<u>27,068</u>	<u>118,918</u>	<u>301,548</u>

The highest paid director was paid £34,296 (2007: £112,191) in the year.

The Company provides limited Directors & Officers Liability Insurance, at a cost of approximately £13,521 (2007:£13,591).

During the year the Group paid £103,843 (2007: £Nil) to Ward International Consultants Pty Ltd in connection with management services provided to the Group by T Ward who is an employee of that firm.

In 2008 and 2007 key management personnel is considered to be directors only.

#### 6 Financial income and expenses

	Year ended 30 September 2008	Year ended 30 September 2007
	£	£
<b>Financial expenses</b>		
Interest payable on borrowings	<b>(30,856)</b>	(9,437)
<b>Financial income</b>		
Interest receivable from bank deposit	<b>24,120</b>	62,657
<b>Net financial (expense)/income recognised in income statement</b>	<b><u>(6,736)</u></b>	<u>53,220</u>

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 7 Taxation

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
Current tax expense		
Income tax of overseas operations on profits for the year	-	(12,165)
Adjustment for over provision in prior periods	11,105	-
Deferred tax expense		
Origination and reversal of temporary differences	-	(3,075)
Income tax credit from discontinued operations	3,075	-
Total tax credit / (expense)	<u>14,180</u>	<u>(15,240)</u>
Analysed between:		
Total tax credit / (expense) from continuing activities	-	12,165
Total tax credit / (expense) from discontinued activities	14,180	(3,075)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

Tax Expense	2008 £	Restated 2007 £
Group loss for the year	<u>(1,251,013)</u>	(260,306)
Expected tax charge based on the standard rate of Corporation tax in the UK of 29% (2007 - 30%)	(362,794)	(78,092)
Expenses not deductible for tax purposes	8,416	27,110
Income not subject to tax	-	(286,560)
Temporary difference on fixed assets	71,316	19,647
Losses in year not relieved against current tax	122,737	318,986
Different tax rates applied in overseas jurisdictions	160,325	11,074
Deferred tax (credit) / expenses	(3,075)	3,075
Over provision in prior period	(11,105)	-
Total tax (credit) / expense	<u>(14,180)</u>	<u>15,240</u>

The rate of UK corporation tax changed from 30% to 28% with effect from 1 April 2008. The average rate applicable for the period is therefore 29% (2007: 30%).

#### *Factors that may affect future tax charges*

At 30 September 2008, the Company had UK tax losses of £2,970,282 (2007: £1,230,457) carried forward which will be utilised against future profits. However these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognised in relation to these losses. Tax losses can be carried forward and applied against future profits when they are realised.

## **MINERVA RESOURCES PLC**

### **Notes forming part of the financial statements for the year ended 30th September 2008**

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The total of unprovided deferred tax assets which have not been provided in the financial statements amount to £831,678 (2007: £648,929), of which £831,678 (2007: £608,304) relates to unprovided losses. Due to current market conditions the exercise price of the options in existence at the balance sheet date exceeded the market value of the company's shares at that date. Accordingly, the unrecognised deferred tax asset on these options at 30 September 2008 is reduced to £nil in the current year (2007: £40,625).

#### **8 Loss per share**

Loss per Ordinary Share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue for the period is 111,742,960 (2007: 74,242,960).

Losses for the Group attributable to the equity holders of the Company for the year are £1,155,148 (2007: £240,165). Losses for the Group from continuing operations excluding minority interest are £1,083,254 (2007: £404,367). In 2008 and 2007, the effect of the share options in issue under the option schemes are anti-dilutive and therefore diluted earnings per share has not been calculated. See note 16 for further details of share options in issue. As the average market price of ordinary shares during the period was lower than the exercise price of the options, there were nil (2007: nil) potentially dilutive shares at year end.

Losses for the Group attributable to discontinued activities for the year are £71,894 (2007: Profit of £164,202). In 2008 the effect of the share options in issue under the share option schemes are anti-dilutive and therefore diluted earnings per share has not been calculated. See note 16 for further details of share options in issue. In 2007, the denominator used in the calculation of diluted earnings per share was 111,742,960 (2007: 80,742,960).

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 9 Intangible assets

	Deferred exploration expenditure	Goodwill	Restated Total
	£	£	£
<b>Cost</b>			
At 1 October 2006	1,179,050	-	1,179,050
Additions	540,565	-	540,565
Acquisitions	2,331,330	229,439	2,560,769
Transferred to assets held for sale	(750,000)	-	(750,000)
At 30 September 2007	<u>3,300,945</u>	<u>229,439</u>	<u>3,530,384</u>
At 1 October 2007	3,300,945	229,439	3,530,384
Additions	869,961	-	869,961
Transferred to assets held for sale	(403,617)	-	(403,617)
Effect of foreign exchange movements	(258,903)	-	(258,903)
At 30 September 2008	<u>3,508,386</u>	<u>229,439</u>	<u>3,737,825</u>
<b>Amortisation</b>			
At 1 October 2006	429,050	-	429,050
Provision for impairment	79,610	-	79,610
Transferred to assets held for sale	(359,771)	-	(359,771)
At 30 September 2007	<u>148,889</u>	<u>-</u>	<u>148,889</u>
At 1 October 2007	148,889	-	148,889
Provision for impairment	309,764	-	309,764
Transferred to assets held for sale	(306,477)	-	(306,477)
Effect of foreign exchange movements	(25,433)	-	(25,433)
At 30 September 2008	<u>126,743</u>	<u>-</u>	<u>126,743</u>
<b>Net book value</b>			
At 30 September 2006	750,000	-	750,000
At 30 September 2007	3,152,056	229,439	3,381,495
<b>At 30 September 2008</b>	<b>3,381,643</b>	<b>229,439</b>	<b>3,611,082</b>

The impairment of deferred exploration costs relates to the Tulu Dimtu exploration area for which the licence has been relinquished post year end and a provision against costs relating to the Kyrgystan asset to write the carrying values down to their fair value less cost to sell.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

<b>2008 Deferred exploration by region</b>				
	Sierra Leone	Ethiopia	Kyrgyzstan	Total
	£	£	£	£
Cost	33,288	2,838,607	1,179,050	4,050,945
Additions during the year	-	869,961	-	869,961
Total accumulated provision for impairment	-	(126,743)	(691,681)	(818,424)
Total accumulated transfers to assets held for sale	-	-	(487,369)	(487,369)
Effect of foreign exchange movements	-	(233,470)	-	(233,470)
<b>Net book value</b>	<b>33,288</b>	<b>3,348,355</b>	<b>-</b>	<b>3,381,643</b>
<b>2007 Deferred exploration by region</b>				
	Sierra Leone	Ethiopia	Kyrgyzstan	Restated Total
	£	£	£	£
Cost	-	-	1,179,050	1,179,050
Acquisitions during the year	-	2,331,330	-	2,331,330
Additions during the year	33,288	507,277	-	540,565
Total accumulated provision for impairment	-	(79,610)	(429,050)	(508,660)
Total accumulated transfers to assets held for sale	-	-	(390,229)	(390,229)
<b>Net book value</b>	<b>33,288</b>	<b>2,758,997</b>	<b>359,771</b>	<b>3,152,056</b>

Goodwill is allocated to the cash generating unit in respect of Ethiopian Resources Limited (“ERL”), which was formed to organise the importation of the platinum concentrate and gold dore from Ethiopia to the UK, the refining of the platinum concentrate and gold dore, as well as the sale of the refined platinum and other precious metals, from both Yubdo and future Group operations. The carrying value of ERL is based on value in use as it will be recovered through the current production levels of 130 Oz of platinum per year and the estimated potential future increase in platinum production at Yubdo as well as the potential gold output of the Tulu Kapi and surrounding exploration areas.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 10 Property, plant and equipment

	Plant & Equipment	Motor Vehicles	Freehold Property	Fixtures, Furnitures & Fittings	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 October 2006	395,105	44,454	8,655	27,862	476,076
Additions	213,590	52,899	-	25,577	292,066
Acquisitions	1,347	-	-	-	1,347
Disposals	(133,733)	-	(1,509)	(26,394)	(161,636)
At 30 September 2007	<u>476,309</u>	<u>97,353</u>	<u>7,146</u>	<u>27,045</u>	<u>607,853</u>
At 1 October 2007	476,309	97,353	7,146	27,045	607,853
Additions	45,709	29,879	-	15,816	91,404
Disposals	(169,814)	(18,040)	(4,885)	-	(192,739)
Transferred to assets held for sale	(105,917)	(37,739)	(2,261)	(416)	(146,333)
At 30 September 2008	<u>246,287</u>	<u>71,453</u>	<u>-</u>	<u>42,445</u>	<u>360,185</u>
<b>Depreciation</b>					
At 1 October 2006	117,600	25,325	829	10,912	154,666
Charge for the year	68,868	6,889	-	-	75,757
Disposals	-	-	(355)	(2,264)	(2,619)
At 30 September 2007	<u>186,468</u>	<u>32,214</u>	<u>474</u>	<u>8,648</u>	<u>227,804</u>
At 1 October 2007	186,468	32,214	474	8,648	227,804
Charge for the year	98,378	14,835	98	4,641	117,952
Disposals	(169,636)	(18,040)	(478)	-	(188,154)
Transferred to assets held for sale	(3,276)	(5,476)	(94)	(17)	(8,863)
At 30 September 2008	<u>111,934</u>	<u>23,533</u>	<u>-</u>	<u>13,272</u>	<u>148,739</u>
<b>Net book value</b>					
At 30 September 2006	277,505	19,129	7,826	16,950	321,410
At 30 September 2007	289,841	65,139	6,672	18,397	380,049
At 30 September 2008	<b>134,353</b>	<b>47,920</b>	<b>-</b>	<b>29,173</b>	<b>211,446</b>

#### 11 Available for sale investments

	2008 £	2007 £
<b>Cost</b>		
At 1 October	-	720,000
Revaluation	-	-
Disposals	-	(720,000)
At 30 September	<u>-</u>	<u>-</u>

In 2007 the Group disposed of the 2,400,000 shares in Saddleback Corporation Limited during the year for £955,200, which is equal to the profit included in other income.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 12 Inventories

	2008	2007
At cost:	£	£
Stock of Concentrate	53,378	27,775
Materials and supplies	-	19,643
<b>Total</b>	<b>53,378</b>	<b>47,418</b>
Inventory recognised as an expense during the year.	43,746	155,360

There are no material differences between the carrying values of inventories and their net realisable value.

#### 13 Trade and other receivables

	2008	2007
	£	£
Trade receivables	103,750	117,058
Other receivables	60,394	203,641
Receivable from shares to be issued	607,500	-
Amounts due from employees	3,586	19,382
Prepayments	33,485	36,284
	<b>808,715</b>	<b>376,365</b>

Included within other receivables in 2007 are amounts relating to recoverable VAT and amounts in respect of expenditure on future projects. All amounts shown under receivables fall due for payment within one year.

#### 14 Deferred Taxation

	2008	2007
	£	£
Balance brought forward 1 October	(3,075)	-
(Charge) / credit for the year (see note 7)	-	(3,075)
Disposal	3,075	-
<b>Balance carried forward 30 September</b>	<b>-</b>	<b>(3,075)</b>

Deferred taxation relates to temporary differences on plant and equipment. The assets have been disposed of as part of the sale of Palladex Limited.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 15 Liabilities

Current Liabilities: Amounts falling due within one year	<b>2008</b>	2007
	£	£
Trade payables	<b>183,833</b>	88,070
Accruals and deferred income	<b>99,700</b>	186,375
Loans	-	334,480
	<b><u>283,533</u></b>	<b><u>608,925</u></b>

In September 2008, the company agreed to repay the £334,480 loan by issuing 13,379,200 Ordinary Shares at 2.5p per share. The amount is reflected in shares to be issued reserve at 30 September 2008.

#### 16 Share Capital

Allotted, called up and fully paid Ordinary shares of 2.5p each

	Number	£
At 1 October 2006	61,742,960	1,543,574
Additions	50,000,000	1,250,000
<b>At 30 September 2007 and 2008</b>	<b>111,742,960</b>	<b>2,793,574</b>

	Authorised Ordinary Shares of 2.5p each Number	Allotted, called up and fully paid Ordinary Shares of 2.5p each Number	Share capital £	Share premium £
At 1 October 2007	200,000,000	111,742,960	2,793,574	4,290,765
At 30 September 2008	400,000,000	111,742,960	2,793,574	4,181,465

On 2 October 2008, 39,749,200 shares were issued at 2.5p, total value of £993,730. Refer to note 24 for further details.

On 23 October 2008, 2,802,298 shares were issued at 4.25p in accordance with the conditions of the agreement entered into in March 2008 to acquire a further 22% of Yubdo Platinum and Gold Development Private Limited Company.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### Share based options scheme

At 30 September 2007, the following share options were outstanding in respect of the ordinary shares:

Exercise Price	Number of options			Outstanding at 30 September 2007	Final Exercise Date
	Outstanding at 1 October 2006	Granted during the year	Lapsed / expired during the year		
20p	6,856,865	-	(6,856,865)	-	January 2009
6.5p	-	6,500,000	-	6,500,000	July 2010
	<u>6,856,865</u>	<u>6,500,000</u>	<u>(6,856,865)</u>	<u>6,500,000</u>	

At 30 September 2008, the following share options were outstanding in respect of the ordinary shares:

Exercise Price	Number of options			Outstanding at 30 September 2007	Final Exercise Date
	Outstanding at 1 October 2006	Granted during the year	Lapsed / expired during the year		
20p	6,856,865	-	(6,856,865)	-	January 2009
6.5p	-	6,500,000	-	6,500,000	July 2010
	<u>6,856,865</u>	<u>6,500,000</u>	<u>(6,856,865)</u>	<u>6,500,000</u>	

The weighted average exercise price of share options was 6.5p at 30 September 2008 and 6.5p at 30 September 2007. The weighted average remaining contractual life of options outstanding at the end of the year was 1 years 10 months (2007: 2 years 9 months).

The weighted average fair value of each option granted during the year was £nil (2007: 0.7p).

In order to motivate the Group's Directors and employees, the Group has adopted an unapproved share option scheme. Directors and employees who were granted the options above must remain in the employment of the Group for 1 year before the options become fully exercisable.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Fair Value of options*

Inputs to the Valuation model:

The fair values of awards granted under the option schemes of prior periods has been calculated using the Black Scholes pricing model that takes into account factors specific to share incentive plans such as the vesting periods of the Plan, the expected dividend yield on the Company's shares and expected early exercise of share options. The following table list the inputs to the model used to calculate the fair values of the outstanding options. No new options were granted in the year ended 30 September 2008.

<b>Grant date</b>	<b>11 June 2007</b>
Share price at date of grant (p)	4.12
Exercise price (p)	6.50
Volatility (%)	25.00
Option Life (Years)	3.00
Dividend yield (%)	0.00
Risk-free investment rate (%)	5.75
<b>Fair value (p)</b>	<b>1.11</b>

Volatility was based on the annualised volatility of the Company's shares since its flotation on the AIM market. The charge to the income statement for share based payments during the year was £25,848 (2007: £21,882).

#### *Warrants*

On 17 September 2008, the Group granted W.H.Ireland Limited a warrant to subscribe for 600,000 ordinary shares in the company. The warrant is exercisable at 2.5p per ordinary share at any time up to 2 October 2010.

A further 39,749,200 warrants were granted in October 2008, refer to note 24 for details.

## MINERVA RESOURCES PLC

Notes forming part of the financial statements for the year ended 30th September 2008

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### 17 Reserves

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation reserve	Gains/losses arising on financial assets classified as available for sale.
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained losses	Cumulative net gains and losses recognised in the consolidated income statement.
Merger reserve	Reserve created on issue of shares for the acquisition of subsidiaries (see note 22 for further details).
Shares to be issued reserve	Amount for shares that the company is obligated to issue at year end.

### 18 Commitments

At 30 September 2008, the Group had committed £1,165,000 (2007: £2,355,000) in operational and exploration expenditure for Ethiopian exploration as per the licence agreements with the Ethiopian Ministry of Mines and Energy. It is expected that these commitments will be expensed by 31 March 2010.

The Directors are confident that the Group will be able to raise the required funds to meet its commitments, and are looking at all avenues for future funding arrangements or other strategic options. But clearly there can be no certainty of this given current market conditions. Refer to note 1 for further details on going concern.

## MINERVA RESOURCES PLC

Notes forming part of the financial statements for the year ended 30th September 2008

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### 19 Financial Commitments

Minimum lease payments under non-cancellable operating leases are as follows:

	<b>Land and Building 2008 £</b>	Land and Building 2007 £
Not later than one year	<b>72,600</b>	15,000
	<b>72,600</b>	15,000

### 20 Cash flow notes

	<b>2008 £</b>	2007 £
<i>Cash and Cash equivalents comprises:</i>		
Cash available on demand	<b>181,254</b>	364,459
Short term deposits	-	997,438
	<b>181,254</b>	1,361,897

Significant non-cash transactions are as follows:

	<b>2008 £</b>	2007 £
Financing activities		
Shares to be issued for cash	<b>607,500</b>	-
Shares to be issued to repay loan	<b>334,480</b>	-

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### 21 Financial instruments

##### *Significant accounting policies*

Details of the significant accounting policies in respect of financial instruments are disclosed in note 1 to the financial statements.

Principal financial instruments used by the Group from which financial risk arises, are as follows:

<b>Group</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Loans and receivables at amortised Cost</b>		
Trade and other receivables (excluding prepayments)	<b>775,230</b>	340,081
Cash and cash equivalents	<b>181,254</b>	1,361,897
<b>Financial Liabilities held at amortised cost</b>		
Trade and other payables	<b>183,833</b>	88,070
Borrowings	-	340,329
Accruals and deferred income	<b>99,700</b>	186,375

##### *Financial risk management*

The board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group's and Company's activities to the exposure to currency risk or interest rate risk, however as the Group enters commercial production this may be considered. No derivatives or hedges were entered into during the period.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The policy for each of the above risks is described in more detail below

##### *Credit risk*

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In the current economic environment, it is the Group's policy to hold its cash funds in different banks to mitigate bank failure risk.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### Trade and Other Receivables

The following table illustrates the concentrations of credit risk within the Group as at the balance sheet date. The Group's trade and other receivables in respect of not discharging its obligation in respect of this. The group maximum exposure to credit risk is the carrying value of receivables.

	Total £	Current £	Over 30 Days £
Trade receivables	103,750	103,750	-
Other receivables	60,394	60,394	-
Receivable from shares to be issued	607,500	607,500	-
Amounts due from employees	3,586	3,586	-

#### Liquidity risk

The liquidity risk of each of each Group entity is managed centrally by the Group treasury function. The investment budgets and work plans are set locally and agreed by the board annually in advance, enabling the Group's cash requirements to be anticipated.

#### Maturity Analysis

2008	Total £	< 1 month £	1-6 months £	6-12 months £
Trade payables	183,833	183,833	-	-
Accruals and deferred income	99,700	99,700	-	-
2007	Total £	< 1 month £	1-6 months £	6-12 months £
Trade payables	88,070	88,070	-	-
Accruals and deferred income	186,375	186,375	-	-
Loans	334,480	-	-	334,480

#### Interest Rate Risk

The group received £24,120 interest on its bank deposits. Cash is primarily held in the UK. The average bank balance during the year was £588,832, yielding an average interest rate of 4.10%. If the interest rate had on average been 1% less at 3.10%, the interest earned would have been reduced by £5,866. If it had been 1% higher at 5.10%, the interest earned would have been increased by £5,910.

The Group manages its interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, through the use of bank treasury deposits, whilst managing the access the Group requires to the funds for working capital purposes.

There is no material difference between the book value and fair value of the Group's cash.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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#### *Foreign currency risk*

The Group had seven overseas subsidiaries during the year, two of which operate in Ethiopia and The Kyrgyz Republic and whose expenses are mainly denominated in Birr and Som respectively. The other overseas subsidiaries transactions are mainly denominated in US\$. Foreign exchange risk is inherent in the Group's activities and is accepted as such.

The average rate between the British Pound to the Kyrgyz Som during the year was Som 70.31 = £1. If this rate increased by 5% to 73.83, the Group loss would have been reduced by £17,901. If the rate reduced by 5% to 66.79 the Group's loss would have increased by £17,901.

The average rate between the British Pound to the Ethiopian Birr during the year was Birr 18.034 = £1. If this rate increased by 5 % to 18.93, the Group loss would have been reduced by £9,258. If this rate reduced by 5% to 17.132, the Group loss would have been increased by £9,258.

At the year end the Group had a cash balance of £181,254 (2007 £1,361,897) which was made up as follows.

	2008	2007
	£	£
British Pounds	<b>95,815</b>	737,462
US Dollars	-	559,468
Kyrgyz Rep. Som	-	58,523
Ethiopian Birr	<b>85,439</b>	6,444
	<b>181,254</b>	1,361,897

On 2 October 2008 £607,500 was received from the issue of shares. Refer to note 24 for further details.

#### *Capital*

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### 22 Prior Period Acquisitions

On 9 July 2007 the Company acquired 100% of the voting equity instruments in Ethiopian Resources Limited (ERL) and GPMC Limited (GPMC). Costs of £334,196 were incurred in completing the transaction.

##### *ERL*

In consideration for the acquisition of ERL the Company issued a total of 5,500,000 Ordinary Shares valued at 4.5p each totalling £247,500 (the fair value of the shares issued was determined by reference to their quoted market price of 4.5p at the date of acquisition).

	Book value	Fair value adjustments	Fair values
	£	£	£
ERL			
Property, plant and equipment	1,347	-	1,347
Trade and other receivables	72,097	-	72,097
Cash and cash equivalents	13,499	-	13,499
Trade payables	(68,882)	-	(68,882)
	<u>18,061</u>	<u>-</u>	<u>18,061</u>
Consideration paid			247,500
Goodwill (see note 9)			<u>229,439</u>

The goodwill amount recognised is attributed to economic benefits to be obtained from the refining and marketing by ERL of the Group's current and future gold and platinum production. No impairment has been made for the year based upon the Director's review of the underlying Group exploration projects after giving consideration to the estimated resources and project economics.

##### *GPMC*

In consideration for the acquisition of GPMC the Company issued a total of 44,500,000 Ordinary Shares of 4.5p each in the Company totalling £2,002,500 (the fair value of the shares issued was determined by reference to their quoted market price of 4.5p at the date of acquisition).

	Book value	Fair value adjustments	Restated Fair values
	£	£	£
GPMC			
Deferred exploration expenditure	3,767,741	(1,436,411)	2,331,330
Trade and other receivables	338,050	-	338,050
Trade payables	(512,695)	-	(512,695)
	<u>3,593,096</u>	<u>(1,436,411)</u>	<u>2,156,685</u>
Less Minority Interest (49% of Yubdo)			(154,185)
Net identified assets Acquired			<u>2,002,500</u>

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

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As disclosed in last year's financial statements, the identifiable net assets of GPMC acquired had only been determined on a provisional basis as the directors were still in the process of attributing fair values to the assets and liabilities acquired. Had the values been finalised the 2007 financial statements would have differed to those previously reported as follows:

- the cost of deferred exploration expenditure on acquisition would have been £403,830 higher;
- trade and other receivables on acquisition would have been £263,050 higher;
- trade payables on acquisition would have been £512,695 higher; and
- minority interest on acquisition would have been £154,185 higher.

In accordance with IFRS 3 'Business Combinations', the comparatives for 2007 have been restated to reflect the above adjustments.

The downward fair value adjustment made in the 2007 financial statement was based upon the Director's review of the underlying exploration projects after giving consideration to the estimated resources and project economics.

GPMC holds a 51% investment in Yubdo Platinum and Gold Development PLC ("YPGD"). Therefore a 49% minority interest in YPGD arises in the Group on acquisition of GPMC.

The Group has taken advantage of section 131 of the Companies Act 1985 and taken the premium on shares issued in the acquisitions to the merger reserve.

The loss attributable to ERL and GPMC since their acquisition date and included within the Group loss for the year ended 30th September 2007 was £6,747 and £177,298 respectively.

If the results for ERL and GPMC had been included in the results of the Group for the entire 2007 financial period the Group loss for the year to 30 September 2007 would have been £ 725,347.

### **23 Related party transactions**

During the year the Group paid £53,080 (2007: £36,953) to Sprecher Grier Halberstam LLP in connection with professional services, including those of non-executive director, provided to the Group by J Bottomley who is an employee of that firm.

During the year the Group paid £103,843 (2007: £Nil) to Ward International Consultants Pty Ltd in connection with management services provided to the Group by T Ward who is an employee of that firm.

During the year the Group also paid £16,275 (2007: £15,055) to Marr-Johnson Stevens LLP in respect of office rent. Mr Merlin Marr-Johnson's brother is a partner in the firm Marr-Johnson Stevens LLP.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

On 2 October 2008, the group issued 13,379,200 Ordinary Shares at 2.5p per share to Ambrian Capital PLC to repay the loan of £334,480. The shares were issued together with 13,379,200 warrants for shares in the company exercisable at 4p per share. Ambrian Capital PLC holds 38.2% of the share capital of the Company and R Clegg is also a director.

For details of Director's remuneration and key management personnel, see note 5.

#### 24 Post balance sheet events

GPMC relinquished the Tulu Dimtu exploration licence on 20 December 2008. The Company has spent a total of £126,743 (2007: £79,610) on this licence area and an impairment has been made against these deferred exploration costs in the accounts.

As at 30 September 2008, the group had legally agreed the terms and conditions for a placing of 24,300,000 new ordinary shares ("The Placing Shares"). On 2 October 2008 the Company issued the new ordinary shares of 2.5p each at 2.5p per ordinary share raising £607,500 gross of expenses. In addition, Ambrian Capital PLC ("Ambrian") agreed to capitalise the outstanding loan made by Ambrian to the Company, amounting to £334,480, by subscribing for 13,379,200 new ordinary shares ("Ambrian Shares") at 2.5p per ordinary share. The Placing Shares and Ambrian Shares were issued together with one warrant entitling the holder to subscribe for one ordinary share in the Company at 4 pence per ordinary share (the "Warrants"). The Warrants are exercisable at any time up to 18 months from the date of admission of the Placing Shares to trading on AIM. Wills & Co Corporate Ltd ("Wills"), received 2,070,000 new ordinary shares and 2,070,000 warrants, entitling the holder to subscribe for one ordinary share in the Company at 4p per ordinary Share, in lieu of fees for a commission on the value of the shares placed by Wills, the production of an initial research note and a corporate finance fee of £51,750. The following summarises the above.

Share Holder	Price per share	Number of Shares	Proceeds £
Investors	2.5p	24,300,000	607,500
Ambrian Capital plc	2.5p	13,379,200	334,480
Wills & Co	2.5p	2,070,000	51,750
		<u>39,749,200</u>	<u>993,730</u>

On 23 October 2008 2,802,298 shares were issued at 4.25p in accordance with the conditions of the agreement entered into in March 2008 to acquire a further 22% of Yubdo Platinum and Gold Development Private Limited Company.

#### *Company Voluntary Arrangement (CVA) and the subsequent suspension of trading*

Given the current difficult climate for junior exploration and development companies to raise money on the equity market, the Company resolved to enter in to a CVA to enable a longer timeframe to seek the necessary additional funding and to gain protection from creditors during this process. This resulted in suspension from AIM.

## MINERVA RESOURCES PLC

### Notes forming part of the financial statements for the year ended 30th September 2008

#### *Reorganisation of the share capital, with the nominal value of a share adjusted to 0.25p*

The closing mid market price for an Ordinary Share in the Company as at the time of suspension from AIM on 30<sup>th</sup> January 2009 was 0.7p. The Company's share price was therefore below the nominal value of an Ordinary Share. The Company therefore reorganised its share capital, so that one Ordinary Share held by a shareholder was issued with one New Ordinary Share of 0.25p and one Deferred Share with a nominal value of 2.25p.

A Sale and Purchase Agreement for the disposal of the wholly owned subsidiary Palladex Limited (Western Samoa) and its subsidiary Palladex Geotechservice LLC, Kyrgyzstan, to their management for the consideration of US\$79,208 (£44,438) and the repayment of loans to the value of US\$420,792 (£236,075) was entered into in January 2009 and completed April 2009.

The assets and liabilities that relate to this have been classified as follows as at 30 September 2008.

	£
Non-current assets classified as held for sale	1,016,485
Liabilities associated with assets held for sale	(735,972)
	<u>280,513</u>

## 25 Subsidiaries

The principal subsidiaries of Minerva Resources PLC, all of which have been included in the consolidated financial statements are listed below:

Name	Country of incorporation	Proportion of ownership / interest at 30 September	
		2008	2007
Palladex Limited	Western Samoa	100%	100%
Palladex Geotechservice LLC	Kyrgyz Republic	100%	100%
Ethiopian Resources Limited	England and Wales	100%	100%
Golden Prospect Mining Company Limited	Bermuda	100%	100%
Golden Prospect Mining Company Limited	England and Wales	100%	100%
Yubdo Platinum and Gold Development PLC	Ethiopia	51%	51%
Resource Securities Limited	British Virgin Islands	100%	100%
Mercia Corporation Limited	Bermuda	100%	100%

In addition the Company through its subsidiaries has entered into agreements relating to the following joint ventures in Sierra Leone:

Join Venture Project	Subsidiary	Joint Venture Partner(s)	% Interest
Lake Sonfon Gold	GPMC (Bermuda)	Golden Leo (Mano River), Golden Star Resources	24.50%
Lake Sonfon Diamond	GPMC (Bermuda)	Golden Leo (Mano River),	50%
York Platinum	Resource Securities Ltd	Jubilee Platinum PLC	80%

## **MINERVA RESOURCES PLC**

### **Notes forming part of the financial statements for the year ended 30th September 2008**

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During the year the group spent £nil (2007: £33,288) on the joint venture projects in Sierra Leone. These amounts have been recognised in deferred exploration expenditure in the Group's balance sheet, and are the only assets from joint ventures recognised in the consolidated financial statements. There were no other liabilities, income or expenses associated with the joint ventures in the 2008 or 2007.

GPMC has entered into an agreement, concluded in March 2008 for an option to acquire a further 22% interest in YPGD from Ato Benti Tasissa Negewo, who holds 47% of YPGD, upon the completion of a feasibility study into the viability of a mining and processing operation to produce a minimum of 50,000 oz of platinum per annum. The option was acquired for consideration of US\$500,000 (£276,397) and this amount has been deducted directly from equity in accordance with the treatment of a purchased option to acquire the Group's own shares prescribed by IAS 32. GPMC could potentially pay a maximum of US\$5 million based on the successful attainment of positive milestones. Progression to such a point is at the discretion of GPMC.

Potential payments to Ato Benti Tasissa Negewo under the agreement are as follows:

- A payment of US\$1,750,000 upon the completion of a bankable feasibility study for a project development with a minimum 50,000 ounces of platinum production per annum
- A payment of US\$1,750,000 upon the completion of agreements to finance the construction of the operational facilities for the project, and
- A payment of US\$1,000,000 upon the completion of the commissioning of the project operational facilities, including the consistent attainment of the production of platinum at the project designed output level